

February 6, 1997

Dear Guaranty Agency Director:

RE: Guidance concerning the treatment of Federal Family Education Loan (FFEL) Program borrowers who remain affected by U.S. military involvement in Bosnia.

As you know, certain members of the Armed Forces of the United States, including individuals and units of the National Guard and the Reserves, continue to be involved with the ongoing U.S. role in Bosnia.

By this letter, the Department is notifying each guaranty agency that the interests of the Nation require the suspension of collection efforts in the FFEL Program that would otherwise be directed against members of the Armed Forces who are involved in the Armed Forces operations related to Bosnia. This suspension applies to all borrowers, including those who would otherwise be subject to default collection efforts by guaranty agencies. TO ENSURE THE TIMELY DISSEMINATION OF THIS GUIDANCE, the Department requests each guaranty agency to notify its participating lenders that the mandatory administrative forbearance rules in 34 CFR 682.211(j)(2)(i) will apply to these borrowers.

Lenders should be notified that the mandatory administrative forbearance will end on December 1, 1997 and, in accordance with §682.211(j)(2)(i), all normal collection activities will resume on January 1, 1998. So that all borrowers involved in these military operations are treated similarly, each guaranty agency should follow those procedures with respect to borrowers who are obligated to repay the agency. The Department expects that before resuming normal collection activities, lenders and guarantors will notify borrowers of the scheduled termination of the forbearance period. Based on previous experience, it is our understanding that the notice to borrowers is most effective if sent 45 to 90 days before the resumption of collection activities - in this case, between October 1 and November 15, 1997.

We appreciate your cooperation in this situation. I have asked Mr. George Harris, of my staff, to assist you if you have any questions. His telephone number is (202) 708-8242, or you can send your questions to him by fax at (202) 708-7196.

Sincerely,

Pamela A. Moran
Chief, Loans Branch
Policy Development Division
Student Financial Assistance Programs